

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2129 – HB 2309

April 17, 2012

**SUMMARY OF AMENDMENT (016579):** Deletes all language after the enacting clause. Creates the Tennessee Works Pilot Program, to provide job training designed to attract new business to the state and to assist in the expansion or retention of existing businesses in this state. Requires the Department of Labor and Workforce Development to award reimbursable training grants to privately-owned businesses. Grants will be awarded to eligible businesses seeking to make new hires and will be used for the eligible training expenses of dislocated workers who are first time unemployment insurance claimants and whose job was lost due to workforce off-shoring. Requires the program to be funded using only funds received from the United States Department of Labor and subject to the availability of those funds. Requires the Department to report on or before January 1, 2014, to the Commerce, Labor, and Agriculture Committee of the Senate and the Commerce Committee of the House of Representatives concerning the Department's findings and recommendations.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$1,600,000/Training Fund

Other Fiscal Impact – An annual appropriation of state funds equal to \$1,600,000 to the Training Fund would be required for adequate administration of the proposed program.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures –  
\$901,200 /Unemployment Insurance Trust Fund

Other Fiscal Impact – According to the Department of Labor and Workforce Development, \$1,000,000 in recurring federal funding is available to the state for such grant program.

Assumptions applied to amendment:

- According to the Department of Labor and Workforce Development, the pilot program can be handled by existing staff without an increased appropriation or a reduced reversion.
- The amount of grant funding is dependent on available funding from the U.S. Department of Labor. According to the Department of Labor and Workforce

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Development, \$1,000,000 in recurring federal funding is available to the state for such grant program.

- The current average weekly benefit amount is \$224, and the current average duration for receiving benefits is 17 weeks. Assuming that an individual hired as a result of such grant funding has collected eight weeks of unemployment benefits, the savings to the Trust Fund would be \$2,016 per job ( $\$224 \times 9$  weeks remaining).
- According to the Department of Labor and Workforce Development, 447 total participants will be hired annually, decreasing recurring state expenditures from the Unemployment Insurance Trust Fund by \$901,152 ( $447 \times \$2,016$ ).

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise'.

Lucian D. Geise, Executive Director

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